

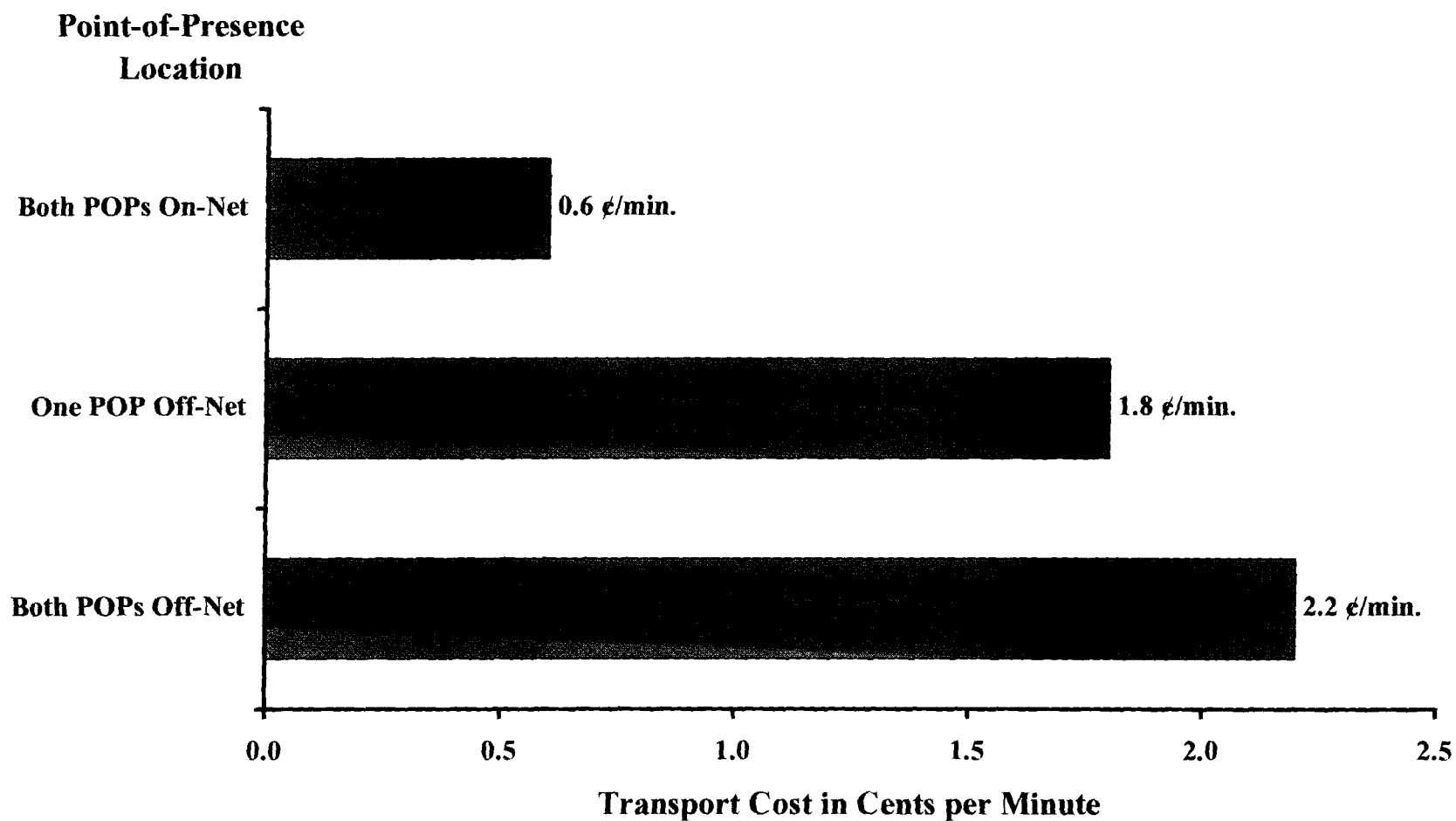
Qwest Communications: Fiber Optic Routes Currently In Service
January 1998



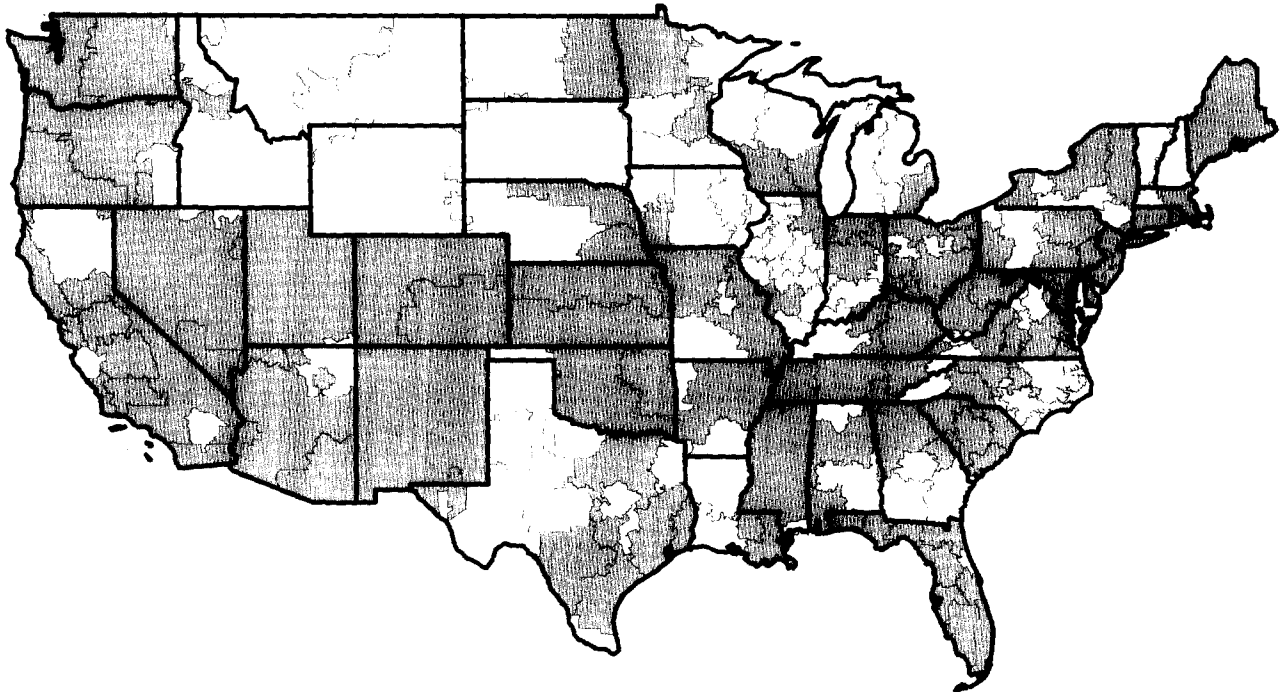
Source: Company information available at <http://www.qwest.com>



Network Coverage And Interexchange Transport Pricing

Typical Transport Prices by Point-of-Presence (POP) Location



Worldcom Network Coverage in the U.S.



Legend		% Population Served
	LATA with POP	82%
	LATA without POP	18%

National Coverage of WorldCom's Network (January 1998)

Points of Presence	162
LATA Coverage	
LATAs with POP	105
LATAs without POP	89
<hr/> Total	<hr/> 194
Population Coverage	
LATAs with POP	82%
LATAs without POP	18%

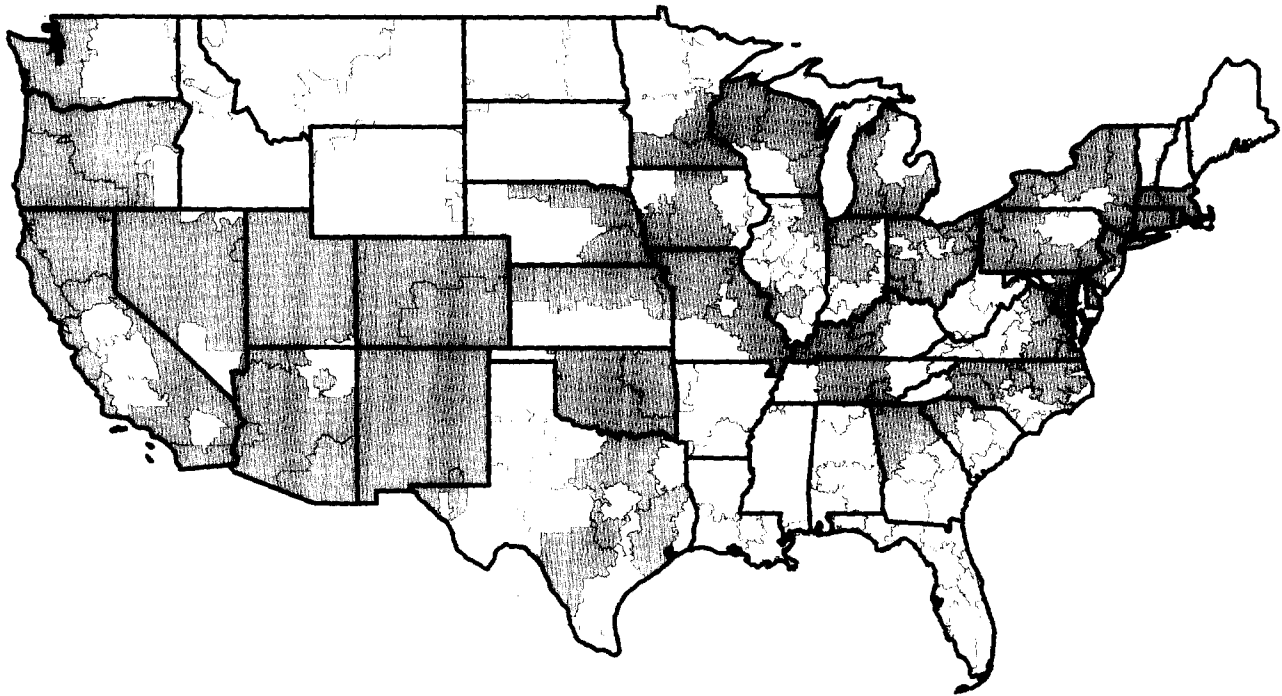
Estimated Shares of Interexchange Facilities



Company	Total U.S. POPs	Share of U.S. POPs
AT&T	715	34%
MCI	582	28%
Sprint	399	19%
WorldCom	162	8%
Frontier	90	4%
IXC	79	4%
Cable & Wireless	35	2%
Qwest	22	1%
LCI	15	1%
Total	2,099	100%
HHI Before Merger		2,387
<u>HHI After Merger</u>		<u>2,815</u>
Change		428

Sources:

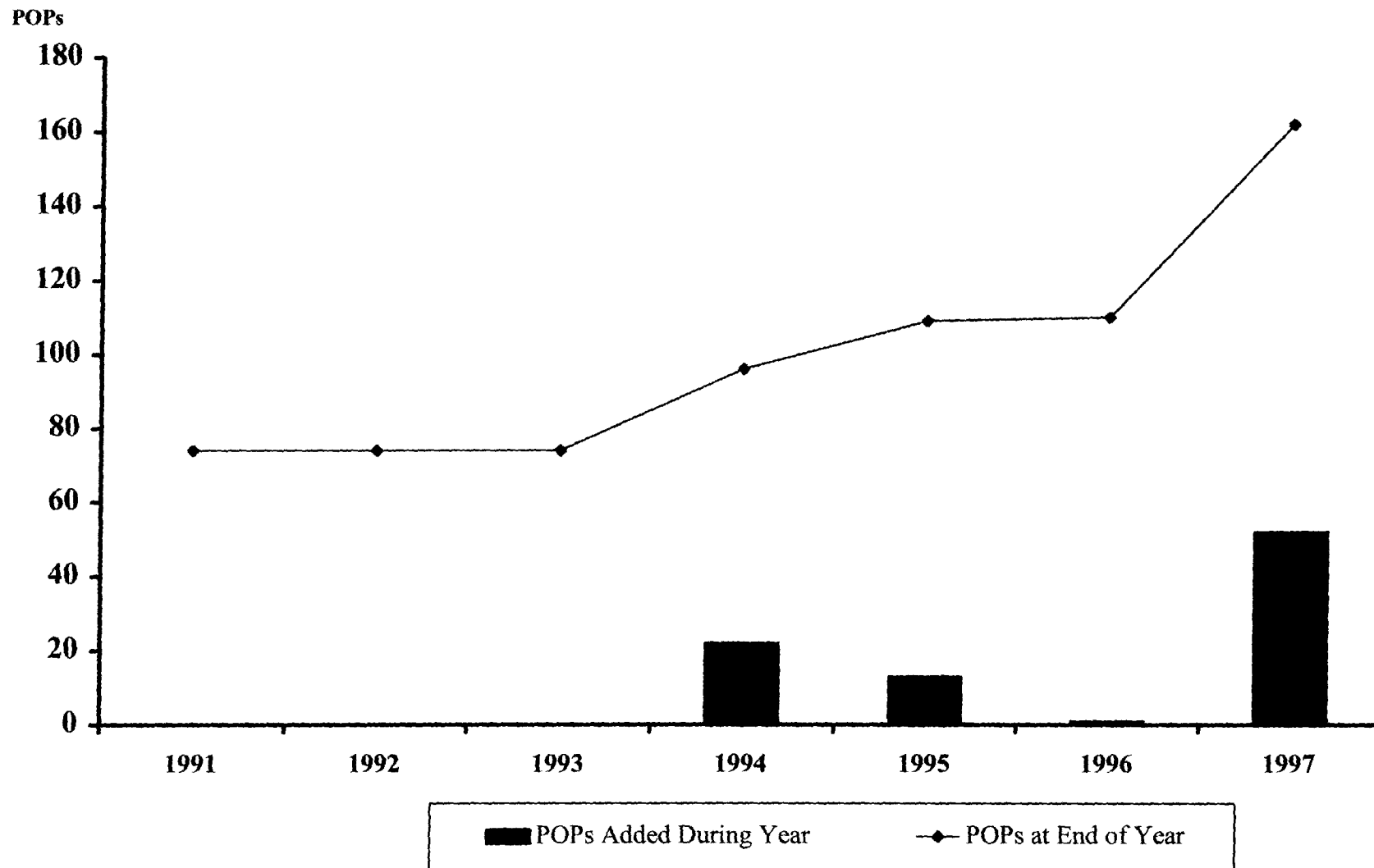
QTEL 9000 Master Rate Center File by CCMI, released January 1998 (AT&T, MCI, Sprint, WorldCom [LDDS/Metromedia POPs], C&W). Frontier: company marketing information. IXC: <http://www.ixc-comm>. Qwest: Estimate of operational POPs from <http://www.qwest.com/networkframe.html>. LCI: FCC Tariff #2 (Spec. Comm. Carr.)

Frontier Network Coverage in the U.S.



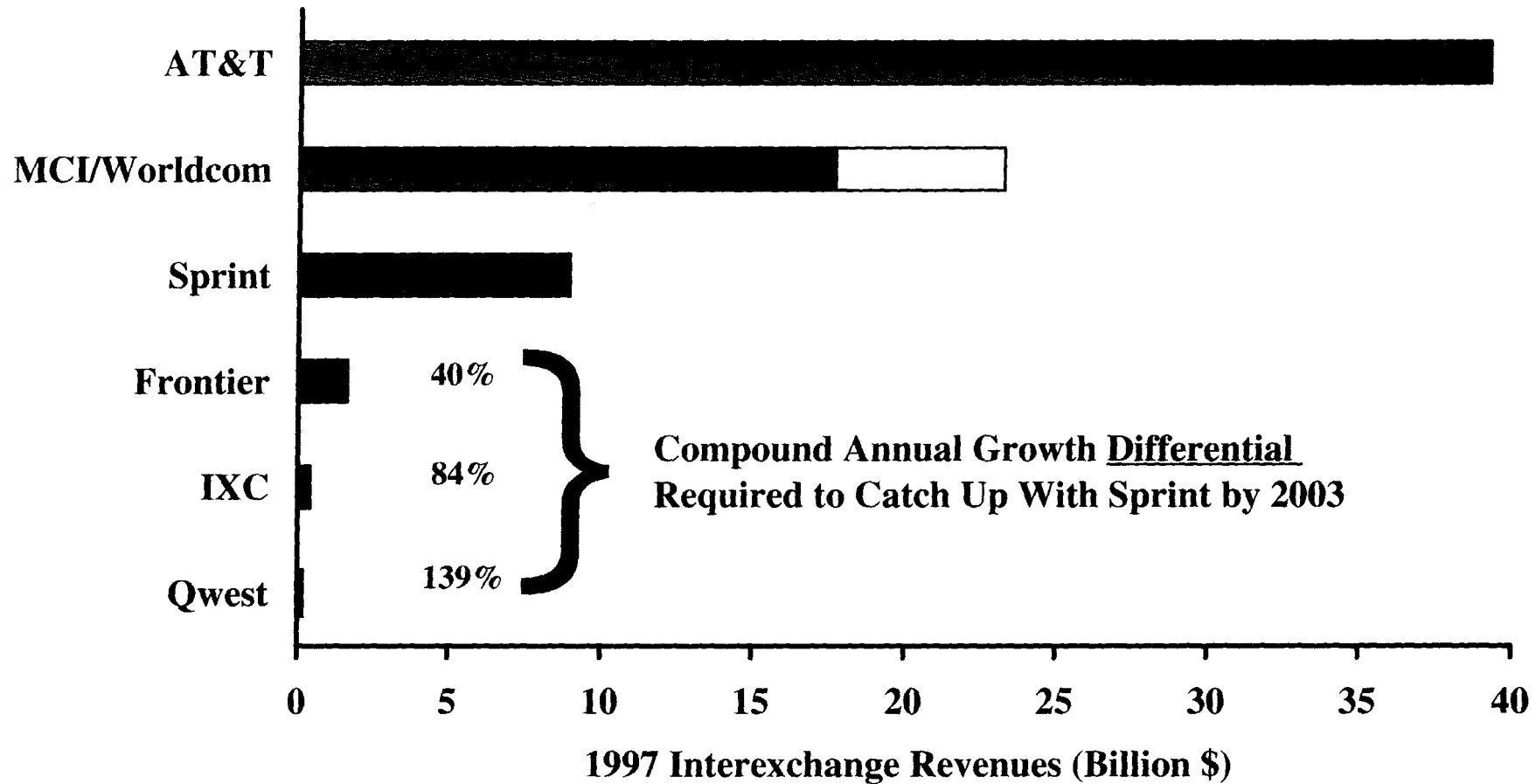
Legend		% Population Served
	LATA with POP	70%
	LATA without POP	30%

WorldCom Points of Presence (POPs)



1991-1996: Q-TEL 9000 as of 1/30/98 (1997)

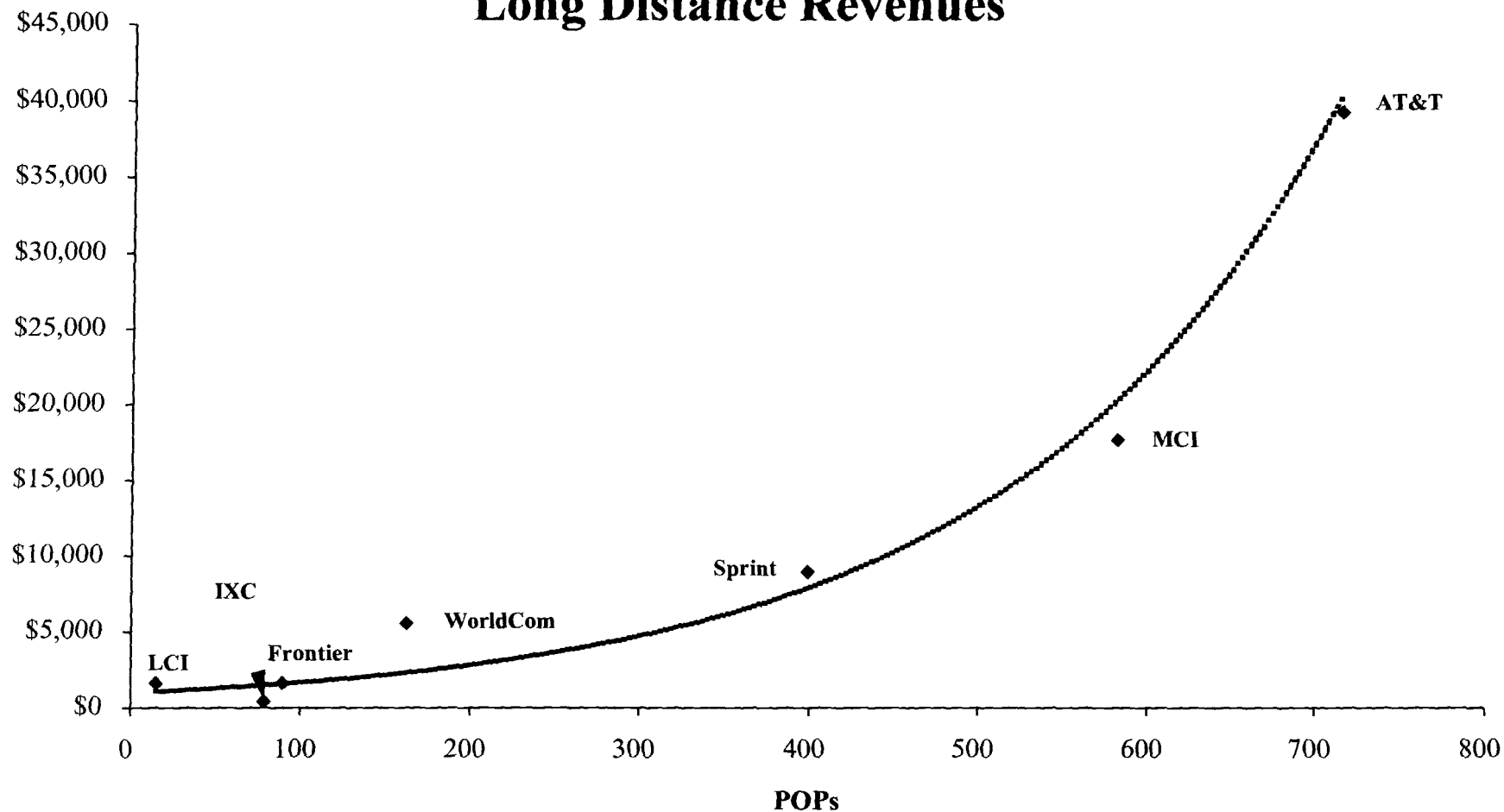
The Merger Would Exacerbate the Revenue Gap Between the Big 3 and the Competitive Fringe



Source: SEC filings, company press releases and financial announcements.

U.S. Interexchange
Revenues (\$M)

Correlation Between Number of POPs and Long Distance Revenues

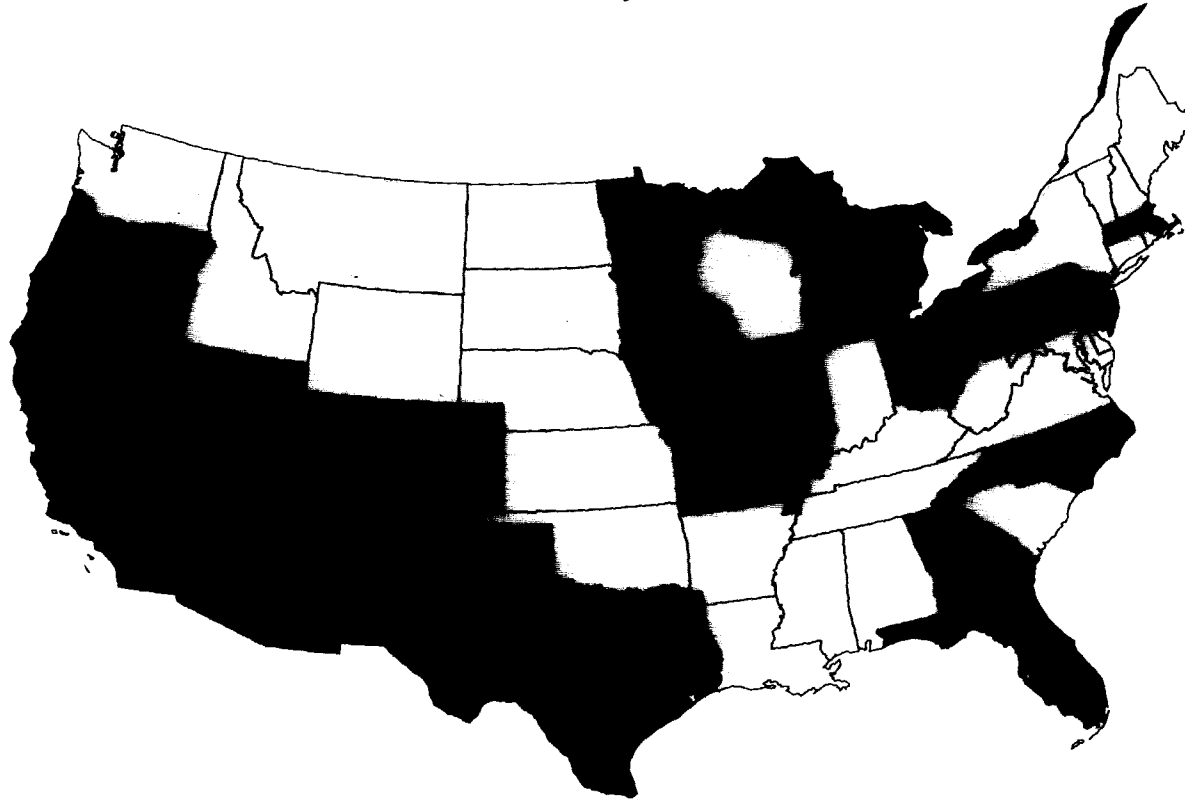


Source:

POPs: QTEL 9000 Master Rate Center File by CCMI, released January 1998 (AT&T, MCI, Sprint, WorldCom (LDDS/Metromedia POPs)). Frontier: company marketing information. LCI: FCC Tariff #2 (Spec. Comm. Carr.) IXC: <http://www.ixc-comm>

Revenue: SEC Filings, company press releases and financial announcements.

**States in which AT&T faces T-1 line shortage
February 1998**



Source: David Rhode, "AT&T faces T-1 line shortage", Network World, 2/16/98. Available at <http://www.nwfusion.com/news/0216t1.html>.

The Merger Would Halt the Decline in the Interexchange Industry's Herfindahl-Hirschman Index

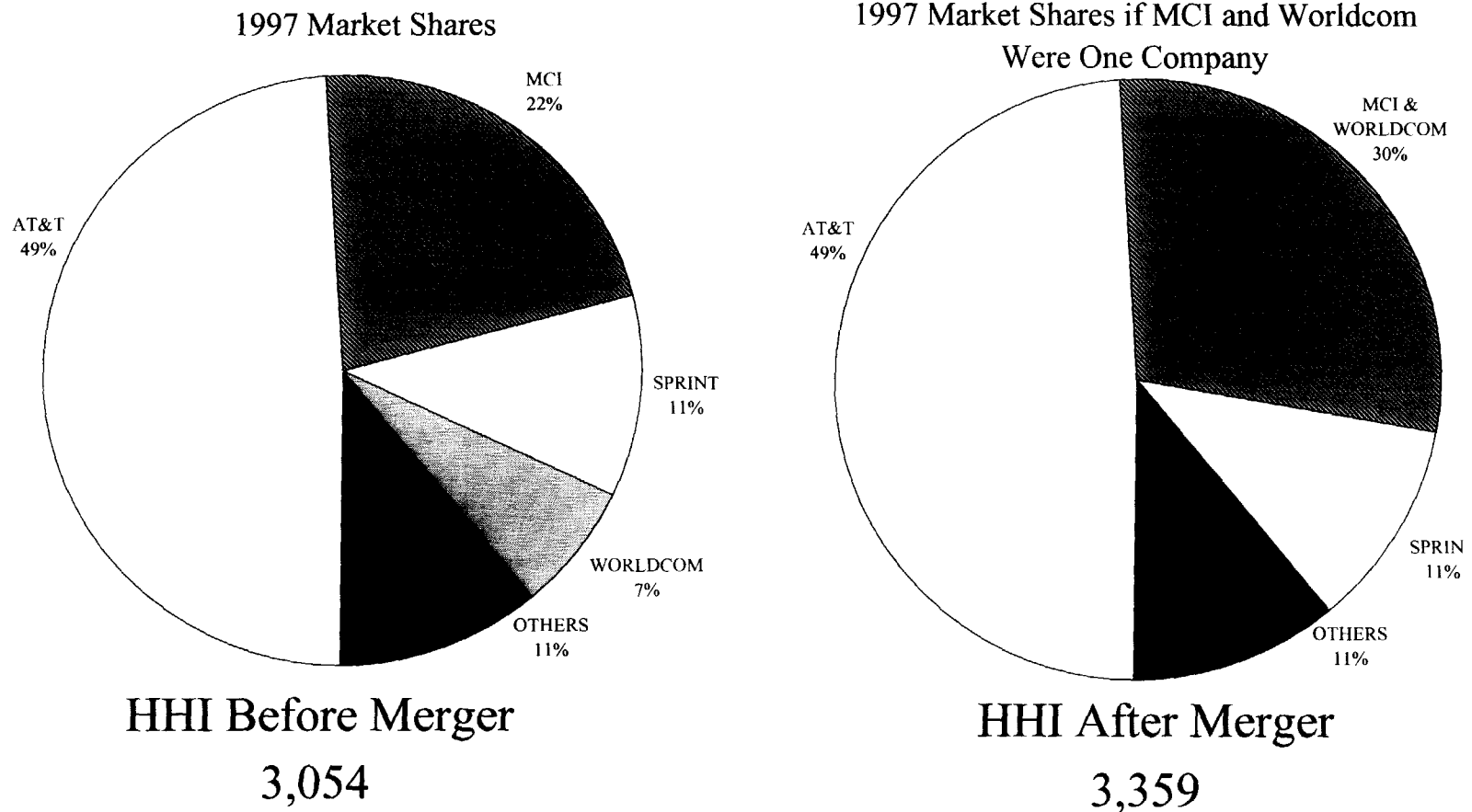


Source:

Calculations based on 1996 Statistics of
Communications Common Carriers,

Interexchange Carrier SEC Filings, press releases, and financial announcements.

Interexchange Herfindahl-Hirschman Index Before and After Merger



Source:

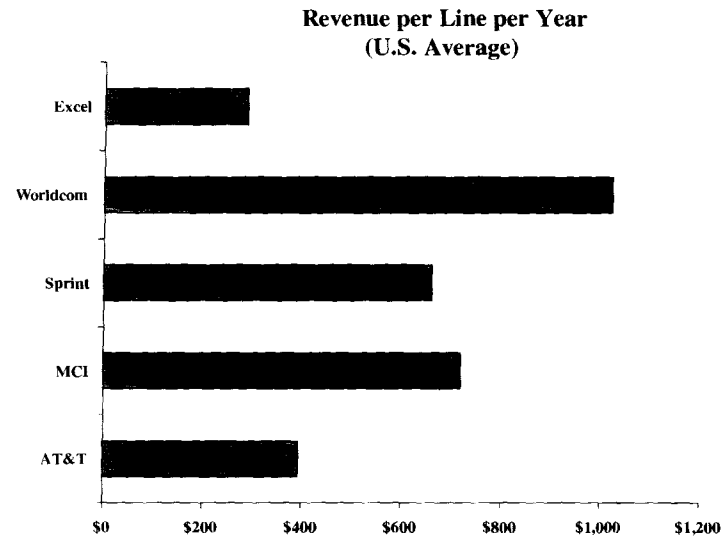
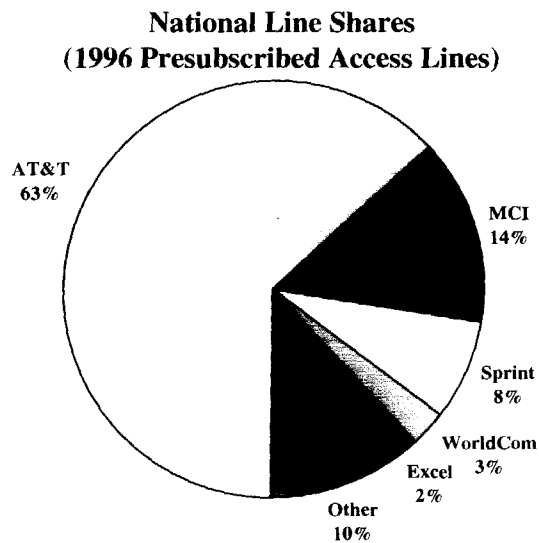
HHI based on 1997 revenues of facilities-based interexchange carriers, estimated from 1997 revenue growth information from SEC filings, company press releases and financial announcements, and toll revenue data from the *F.C.C. 1996 Statistics of Communications Common Carriers*.

Note:

HHI based on toll revenues. Does not include interexchange carriers that are exclusively resellers.

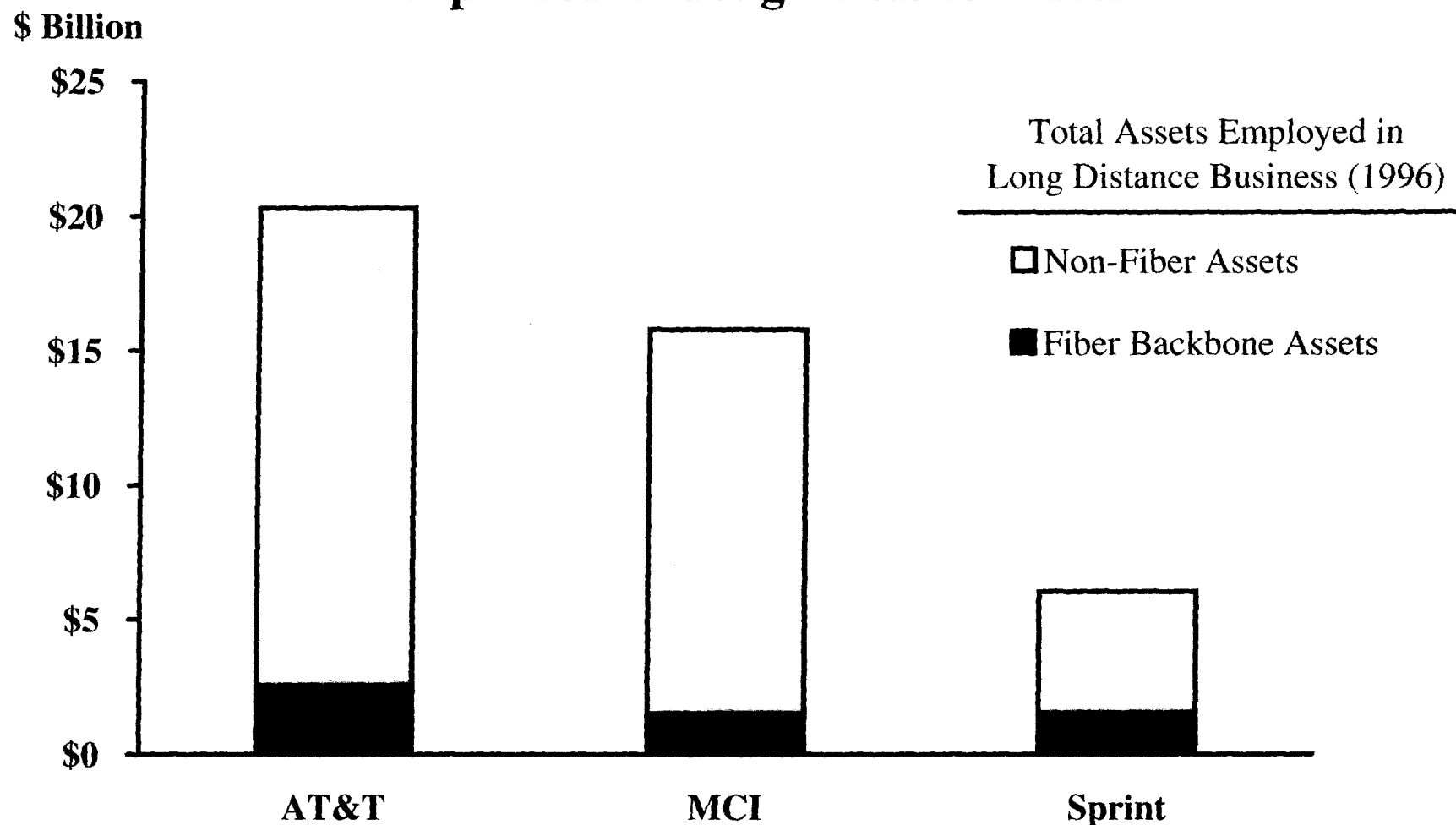
Percentages may not add up to 100% due to rounding.

Line Shares Underestimate Merger Impact



- **Merger Parties Have Higher Average Revenue per Line Than Other Interexchange Carriers**
- **Excel and Part of “Others” Dependent on MCI-WorldCom**

Fiber Backbone Assets Are a Small Proportion of Long Distance Assets



Source: Company Annual Reports and SEC Filings; FCC Fiber Deployment Update 1996

Note: Fiber backbone assets for each company calculated using FCC estimated investment per route mile of \$65,000.
MCI long distance assets estimated on basis of total assets net of goodwill and affiliate investment.
AT&T and Sprint report total long distance assets.

Resale Supply Concentration
ERB Survey Estimated Shares, February 1996

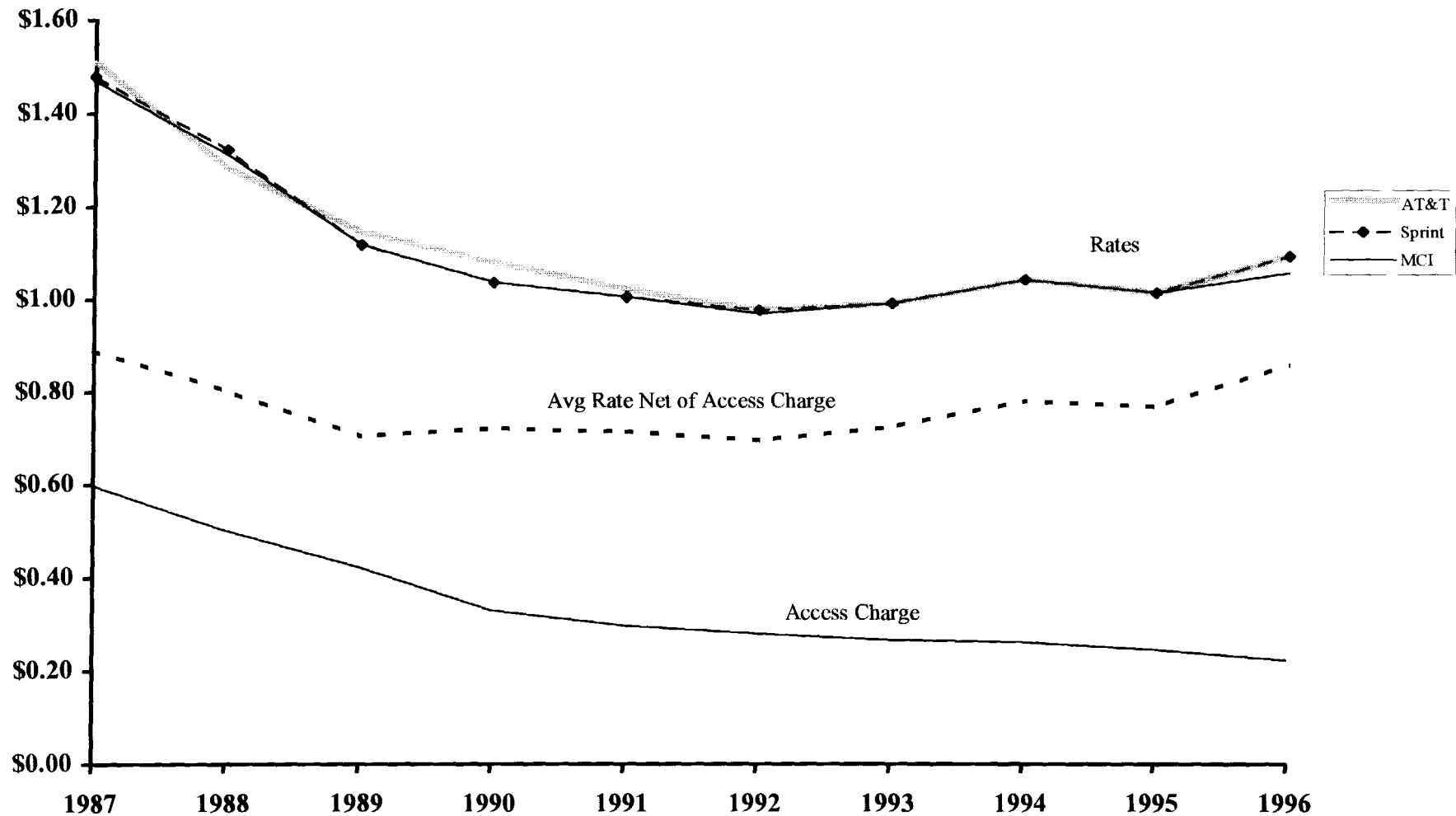
Supplier	<u>Switched Resellers</u>		<u>Switchless Resellers</u>	
	Unweighted	Weighted	Unweighted	Weighted
WorldCom	23%	40%	42%	39%
AT&T	8%	7%	12%	37%
MCI	11%	6%	6%	5%
Sprint	2%	2%	13%	14%
LCI	7%	3%	5%	1%
Frontier	5%	2%	13%	2%
IXC	3%	1%	4%	1%
Qwest	8%	5%	--	--
Capacity Swap	1%	5%	--	--
Own	24%	24%	--	--
<u>Other</u>	<u>8%</u>	<u>5%</u>	<u>5%</u>	<u>1%</u>
Total	100%	100%	100%	100%

Pre-merger HHI Index	1,506	2,354	2,348	3,118
<u>Post-merger HHI Index</u>	<u>2,012</u>	<u>2,834</u>	<u>2,852</u>	<u>3,508</u>
Change	506	480	504	390

Source: Atlantic-ACM. Wholesale Carrier Report Card, February 1996

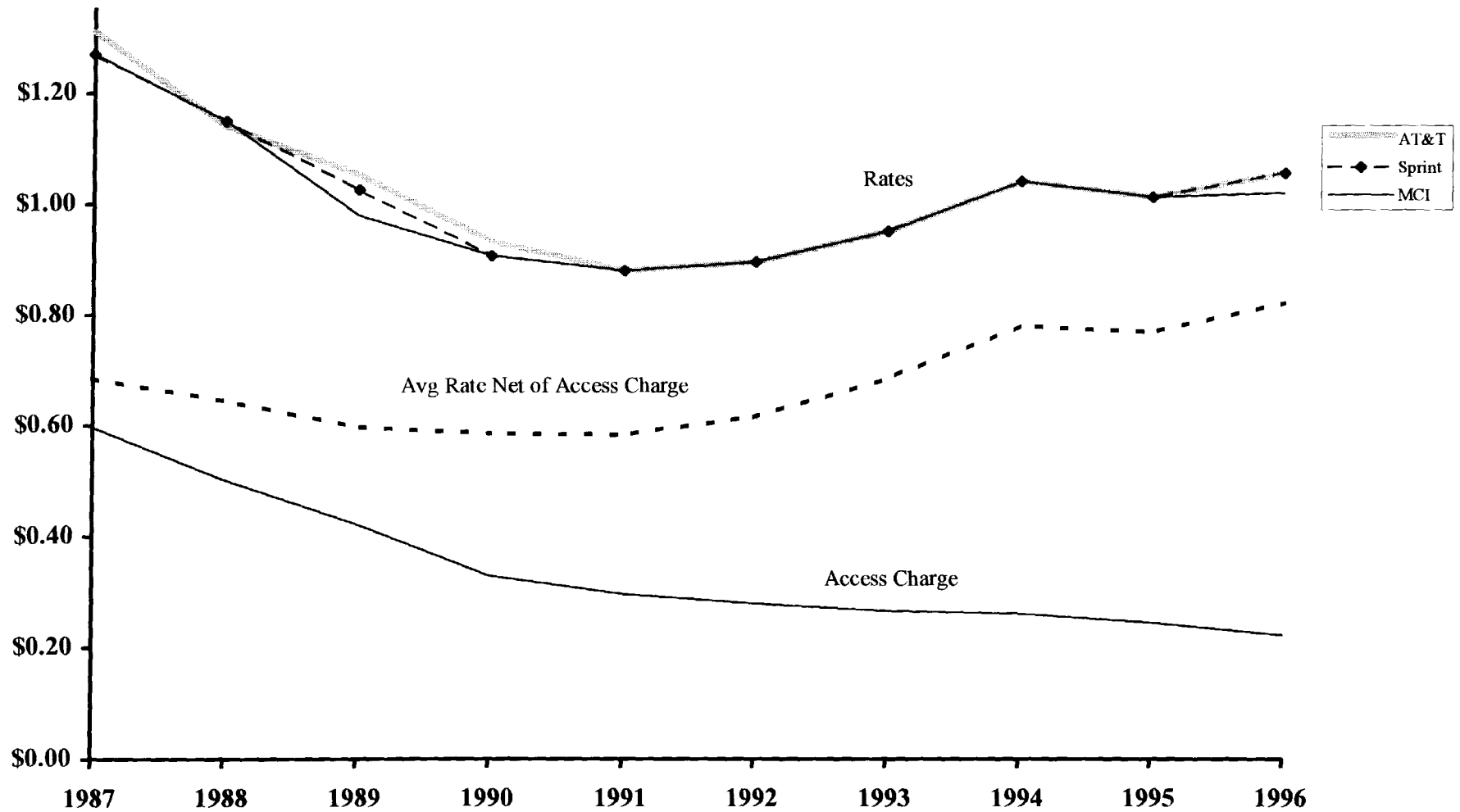
Real Daytime Interstate Rates CHICAGO - SAN FRANCISCO 1987 Dollars, 5 Minute Call

\$/5 min call



Real Daytime Interstate Rates DETROIT - CHICAGO 1987 Dollars, 5 Minute Call

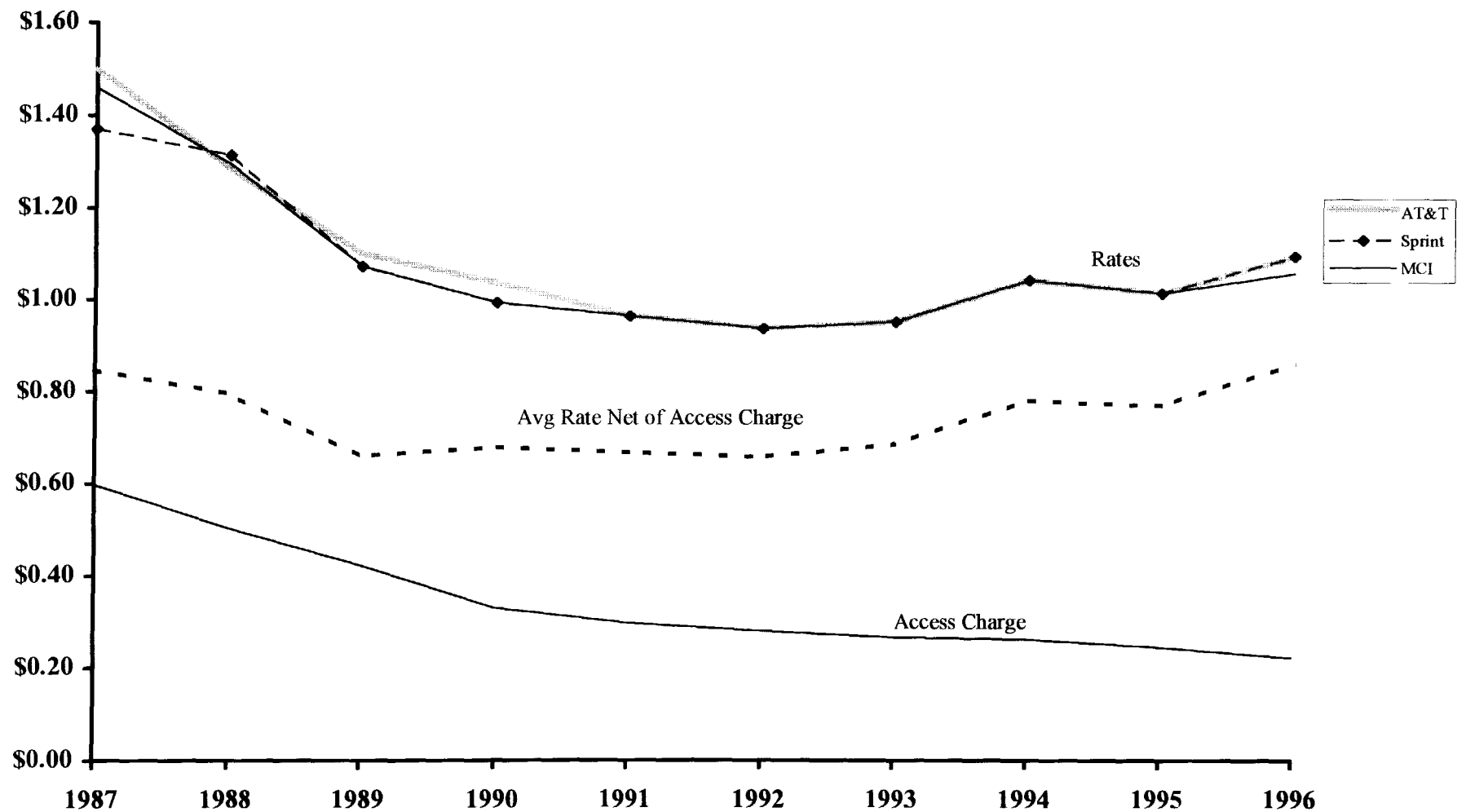
\$/5 min call



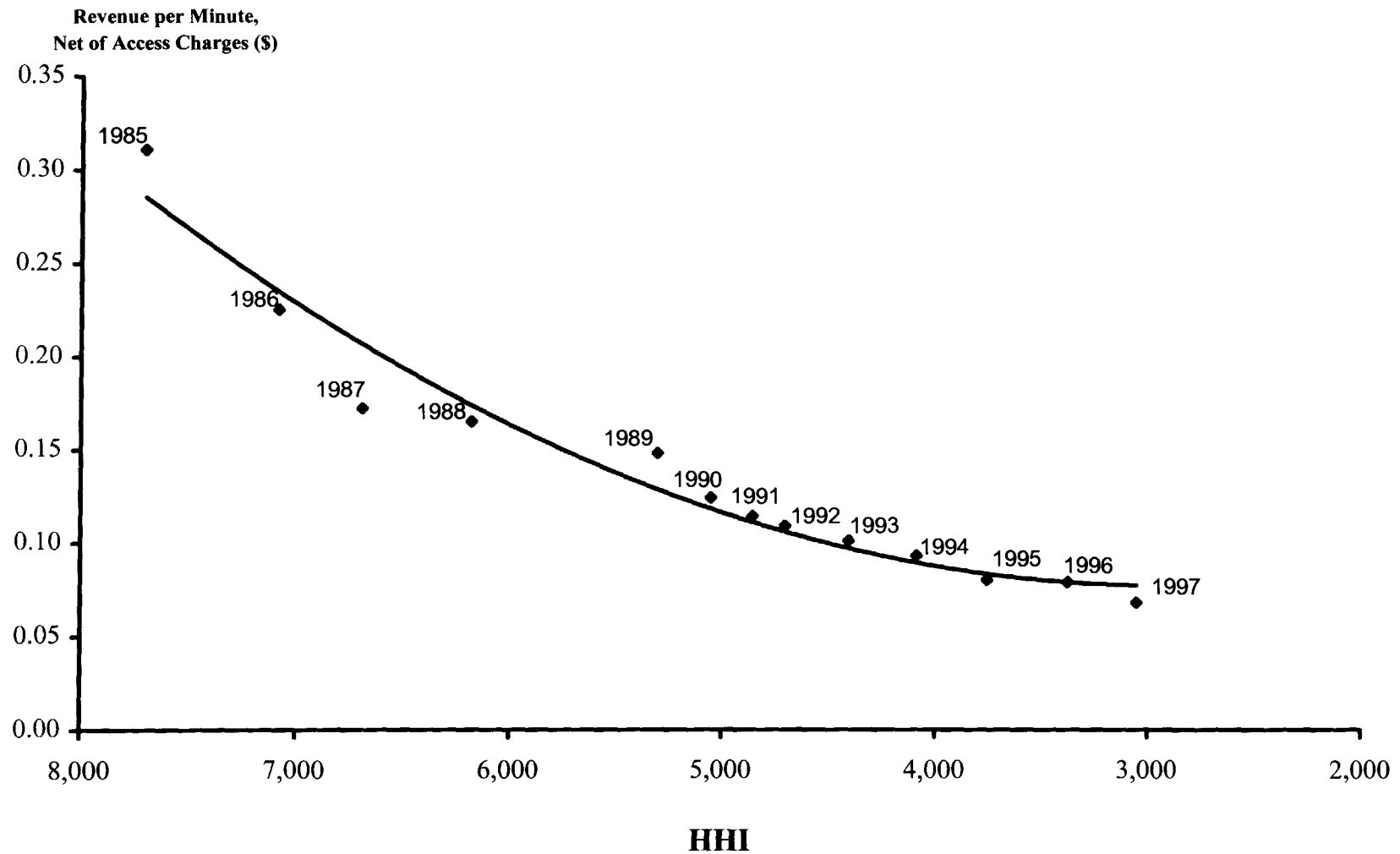
Sources: FCC, *Trends in Telephone Service*, Table 40, March 1997. FCC, *1996/1997 Statistics of Communications Common Carriers*, Table 7.4.

Real Daytime Interstate Rates CHICAGO - PHILADELPHIA 1987 Dollars, 5 Minute Call

\$/5 min call

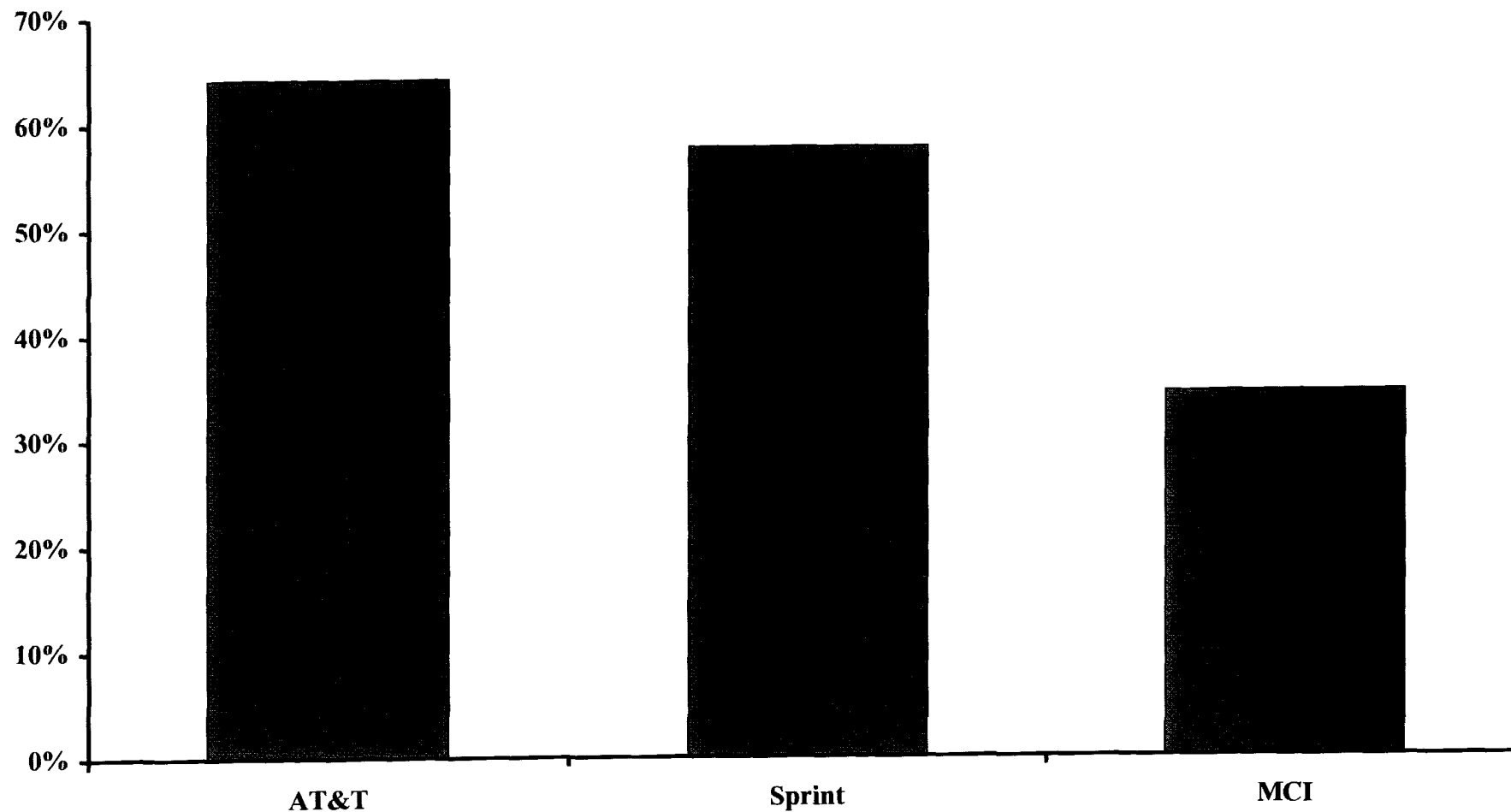


Revenue per Minute vs. Industry HHI



Sources: Hall Declaration, January 26, 1998, para. 42. FCC, 1996 Statistics of Communications Common Carriers.

Percentage of Long Distance Customers on Basic Standard Rates



Source: "Long distance deals abound, if customers looks," *Newsday*, January 11, 1998, p. F-8. Quoting the Yankee Group Report.

Even a Small Rate Hike by IXC's Would Substantially Hurt U.S. Consumers

	<u>Interstate</u>	<u>Intrastate</u>	<u>Total</u>
U.S. Originating Billed Access Minutes (1)	162,785,942,880	59,529,886,781	222,315,829,661
Price Increase	<u>\$0.01</u>	<u>\$0.01</u>	
Total Increase to Consumers	\$1,627,859,429	\$595,298,868	\$2,223,158,297
U.S. Number of Households (2)	<u>98,540,000</u>	<u>98,540,000</u>	
Impact per Household per Year	\$17	\$6	<u><u>\$23</u></u>

Sources:

¹ Calculations based on information in the FCC 1996 Statistics of Communications Common Carriers.

² U.S. Bureau of the Census, 1996 Household Estimates

Notes:

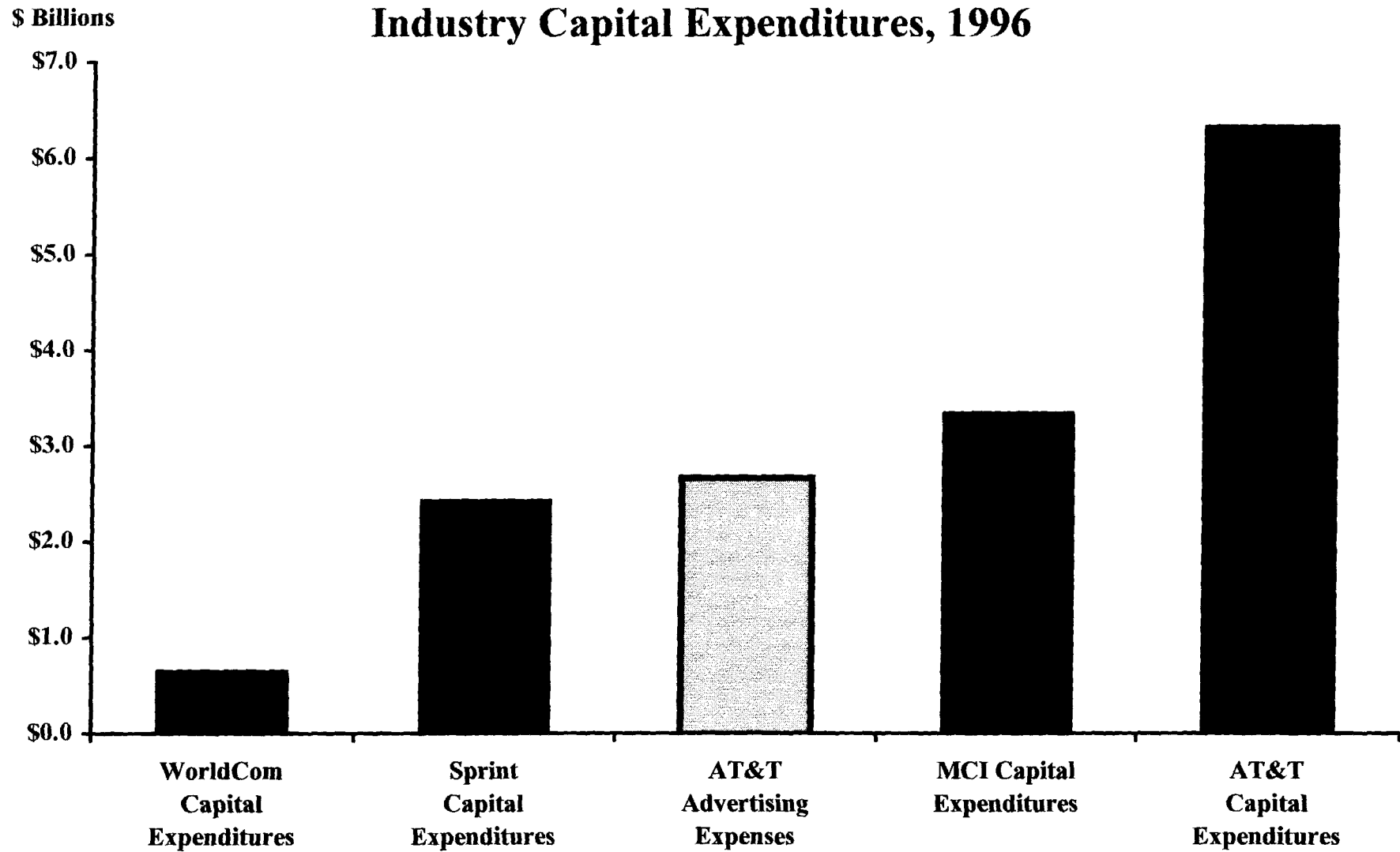
All calculations based on continental U.S. plus Hawaii only.

The 1996 Top Ranked Companies Measured in Advertising Expenditures*

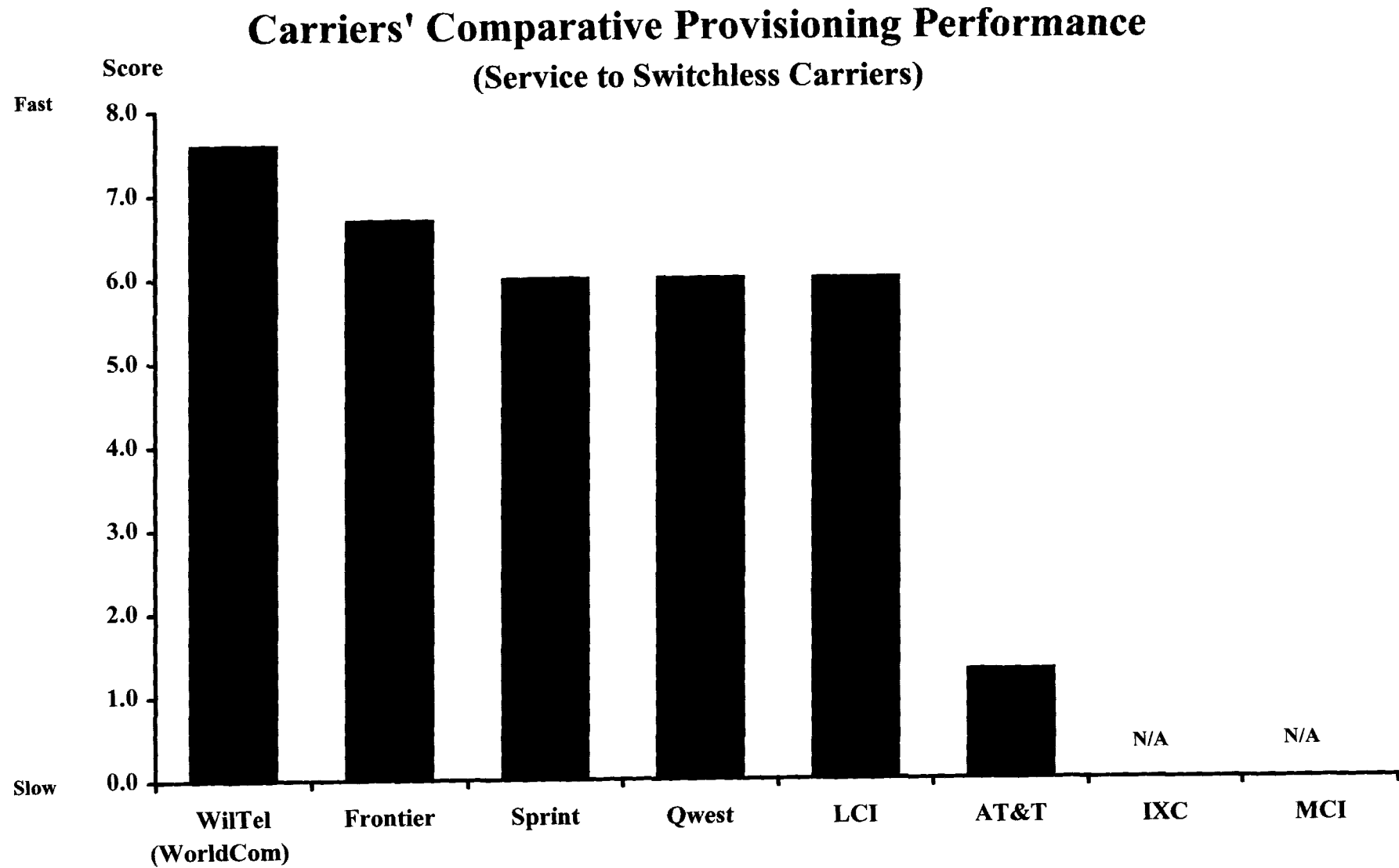
Rank	Company	Expenditures (\$ Millions)
1	AT&T	\$654
2	McDonald's	\$599
3	Sears	\$557
.	.	.
.	.	.
.	.	.
12	MCI	\$328
.	.	.
16	Sprint	\$270

* Measured expenditure refers to estimated advertising expenditures in national consumer measured media such as newspaper, magazines, network TV, syndicated TV, cable TV and radio.

AT&T Advertising Expenses Relative to Industry Capital Expenditures, 1996



Sources: AT&T 1996 Annual Report, p. 33; WorldCom 1996 Annual Report, p. 38; MCI 1996 Annual Report, p. 2; and Sprint 1996 Annual Report, p. 40



Source:
"Wholesale Long Distance: Carrier Report Card,"
ATLANTIC-ACM 1996, p. 28.

Interexchange Carriers' Stock Market Performance Before and After WorldCom-MCI Merger Announcement

	Pre Merger ¹				Post Merger ²	
	Beta	Market Cap. (Bn.) as of 2/4/98	Total Stock Return	Return Relative to S&P 500	Total Stock Return	Return Relative to S&P 500
Market Index						
S&P 500 Index	1.00	--	12.3%	--	4.0%	--
Interexchange Carriers						
AT&T	0.80	\$104.0	22.4%	9.0%	42.3%	36.8%
MCI	0.82	\$26.6	-23.4%	-31.8%	58.2%	52.1%
Sprint	0.79	\$20.6	3.3%	-8.0%	19.6%	15.0%
WorldCom	1.06	\$37.0	19.4%	6.3%	1.2%	-2.7%
Frontier	0.61	\$4.3	26.5%	12.6%	15.4%	11.0%
LCI	0.64	\$2.8	9.8%	-2.2%	7.7%	3.6%
IXC	N/A	\$1.2	24.5%	10.9%	21.4%	16.8%
Qwest ³	N/A	\$7.6	69.3%	50.7%	53.7%	47.7%
Weighted Average ⁴				3.0%	28.7%	

Source: Bloomberg Financial Markets, Commodities and News.

Notes: ¹ Pre merger is defined as the period between 5/30/97 and 9/30/97.

² Post merger is defined as the period between 9/30/97 and 1/30/98.

³ Qwest common stock first became publicly traded on 6/30/97.

⁴ Weighted by market capitalization.